

UG Executive Summary

As you have probably already heard, the Office of Management and Budget (OMB) has combined many of our beloved Federal circulars—including OMB Circulars A-110, A-21, and A-133—into a single document called the "[Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)" (AKA the Uniform Guidance, UG, 2 CFR 200, the Omni Circular, the Super Circular, or A-81).

The interim joint final rule implementing the Uniform Guidance (UG) is now available in the Federal Register (Vol. 79, No. 244, Friday, December 19, 2014). **It is effective for new awards and for selected funding increments, issued on or after December 26, 2014.** The 240-page Federal Register notice is structured with introductory comments at the beginning **followed by a listing of the technical corrections/amendments** (pages 75878 through 75889). The UG, itself, will be updated to reflect the technical corrections/amendments at 2 CFR 200.

For URI, the responsibility for Uniform Guidance implementation originates with 2 departments: *the Controller's Office and Office of Sponsored & Cost Accounting*, who update the impacted policies which are posted on the Controller's website and *the Division of Research and Office of Sponsored Projects*, who work with departments and PIs and sponsors on proposals, awards and award modifications.

The good news, which may be contrary to what you have been hearing through the grapevine, is that things won't change all that much. ***The definition of what constitutes an allowable cost remains essentially the same (i.e., necessary, reasonable, allocable, allowable, and consistently treated).*** Most costs that were unallowable before remain unallowable now. ***What has changed is that certain costs must now be included in your proposal budgets in order to be allowable or they will require agency prior approval after the award has been issued.***

As federal agencies update their internal policies for the UG, we will be challenged by the potential of varying implementation policies and practices made by the agencies. We will continue to monitor as these guidelines are made available, which will likely be in early 2015 and post any significant changes.

If you have any questions on these matters related to policy updates and general questions, contact Office of Sponsored & Cost Accounting (Michele Wood, Assistant Controller, Eileen Tobin, Director, and Ann Cannon, chief accountant).

If you have questions about the impact to your specific proposal, award or award modification, contact Office of Sponsored Projects for assistance (Winy Nwangwu, Director, Eileen Campanale, Assistant Director Post Award, Franca Cirelli, Assistant Director Pre-Award).

With all this in mind, below is an executive summary followed by expanded text for key areas.

Executive Summary

- Start using the Uniform Guidance and this notice now for federal proposal budget submissions.
- Expenditures requiring prior written approval are listed at 200.407 of the UG
- The cost principles from OMB Circular A-21 have not changed.
- There will be no changes at this time to URI's Effort Certification policies and procedures
- The rules governing the charging of administrative and clerical staff salaries have not materially changed, but must be explicitly included in your budget.
- Computing devices can be charged as supplies, but the rules governing their allowability and allocability have not changed.
- Participant support costs must be explicitly included in your budget and excluded from the Modified Total Direct Cost (MTDC) base for calculating Facilities & Administrative (F&A) costs.
- Subrecipients may use an F&A rate of 10% MTDC or request to negotiate a rate with U-M if they do not already have a Federally approved F&A rate.
- The effective date of the rules regarding procurement has been delayed to July 1, 2016.
- There will be more to come as Federal agencies implement the Uniform Guidance.

Administrative/Clerical Staff

Administrative and clerical salaries should still not be direct charged in most cases. While the rules governing "major project or activity" exceptions have been dropped (see Section F.6 and Exhibit C of A-21), they have been replaced by the following criteria in § 200.413, ***all*** of which must be met:

(1) Administrative or clerical services are integral to a project or activity; (2) Individuals involved can be specifically identified with the project or activity; (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and (4) The costs are not also recovered as indirect costs.

So the language is different, but the effect is the same. Administrative and clerical staff must be essential to the scientific/programmatic conduct of the funded project. And in keeping with the requirement of consistent treatment, the services provided by the administrative and clerical staff charged to a Federal award must be *unlike* the routine services that are provided by administrative and clerical staff charged to institutional funds.

Best practice is to document these *unlike* circumstances in your budget justification, as well as explicitly requesting agency approval of the cost, e.g., "We are requesting agency approval for a [list appointment and position title here] as an administrative cost allowed under 2 CFR 200.413."

Computing Devices

You may have also heard that general purpose computing devices can now be direct charged as a supply cost. Technically, this is true. Indeed, § 200.94 clarifies that a computing device is a supply, provided the acquisition cost is less than \$5,000. This does ***not*** mean, however, that a laptop or iPad can be charged to every funded project! ***No different from the old A-21 days, a computing device will only be an allowable expense if it is necessary, reasonable, consistently treated, and properly allocated (see § 200.403 and § 200.405).***

In plain language, this means **the computing device must be: (1) essential for the purposes of carrying out a specific aim of the funded project, (2) above and beyond what is normally provided by the department for academic use, and (3) charged to the grant in some reasonable proportion relative to how much it is used for the funded project.** **Best practice is to explicitly address these unlike circumstances in your budget justification.** In addition, PIs and departments should maintain documentation that describes how the proposed computing device meets the above requirements.

Prior Written Approval

Certain expenditures outlined in the UG require prior written approval for the item to be included within the budget. The detailed listing can be found at 200.407. Below are the most common categories. **Best practice is to explicitly address these items in your budget justification.**

- Cost sharing
 - o Voluntary cost share is not expected and only included when explicitly described in the notice of award

- Revision of budget and program -
 - o Change in scope or objective
 - o Change in key personnel
 - o Disengagement from project for more than 3 months or 25%
 - o Transfer of funds budgeted for participant support costs to other categories of cost
 - o Subawarding of any work

- Fixed amount subawards
 - o Issued by pass-through entity for fixed amounts up to \$150,000

- Direct costs
 - o Admin and clerical salaries – see above

- Equipment

- Participant support costs

- Pre award costs